

Include explanation for all "Notes to the Financial Statements"



HEALTH QUARTERLY STATEMENT

AS OF MARCH 31, 2004
OF THE CONDITION AND AFFAIRS OF THE

Priority Health Government Programs

| | | | | | | |
|---------------------------------------|---|----------------|---|--|---------------------------------------|------------|
| NAIC Group Code | 3383 | 3383 | NAIC Company Code | 11520 | Employer's ID Number | 32-0016523 |
| | (Current Period) | (Prior Period) | | | | |
| Organized under the Laws of | Michigan | | | State of Domicile or Port of Entry | Michigan | |
| Country of Domicile | United States of America | | | | | |
| Licensed as business type: | Life, Accident & Health [] | | Property/Casualty [] | | Dental Service Corporation [] | |
| | Vision Service Corporation [] | | Other [] | | Health Maintenance Organization [X] | |
| | Hospital, Medical & Dental Service or Indemnity [] | | Is HMO, Federally Qualified? Yes [] No [X] | | | |
| Date Incorporated | 06/03/2002 | | Commenced Business | | 10/01/2002 | |
| Statutory Home Office | 1231 East Beltline NE | | | Grand Rapids, MI 49525-4501 | | |
| | (Street and Number) | | | (City or Town, State and Zip Code) | | |
| Main Administrative Office | 1231 East Beltline | | Grand Rapids, MI 49525-4501 | | 616-464-8325 | |
| | (Street and Number) | | (City or Town, State and Zip Code) | | (Area Code) (Telephone Number) | |
| Mail Address | 1231 East Beltline NE | | | Grand Rapids, MI 49525-4501 | | |
| | (Street and Number or P.O. Box) | | | (City or Town, State and Zip Code) | | |
| Primary Location of Books and Records | 1231 East Beltline | | Grand Rapids, MI 49525-4501 | | 616-464-8235 | |
| | (Street and Number) | | (City or Town, State and Zip Code) | | (Area Code) (Telephone Number) | |
| Internet Website Address | www.priority-health.com | | | | | |
| Statutory Statement Contact | Malcolm Hall | | | 616-464-8235 | | |
| | (Name) | | | (Area Code) (Telephone Number) (Extension) | | |
| | malcolm.hall@priority-health.com | | | 616-942-7916 | | |
| | (E-mail Address) | | | (FAX Number) | | |
| Policyowner Relations Contact | | | | | | |
| | (Street and Number) | | | (City or Town, State and Zip Code) | | |
| | | | | (Area Code) (Telephone Number) (Extension) | | |

OFFICERS

| | | | |
|-----------------|-------------------------|-------------------|-----------|
| Name | Title | Name | Title |
| Kimberly K Horn | Chief Executive Officer | Judith W Hooyenga | Secretary |
| Dennis J Reese | Chief Financial Officer | | |

OTHER OFFICERS

| | | | |
|---------------|-----------------------|----------------|------------------|
| James F Byrne | Chief Medical Officer | Guy S Gauthier | COO and Director |
|---------------|-----------------------|----------------|------------------|

DIRECTORS OR TRUSTEES

| | | | |
|----------------|----------------|--|--|
| Sandra K Allen | Lenore Pickett | | |
|----------------|----------------|--|--|

State of Michigan
County of Kent SS

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kimberly K Horn
Chief Executive Officer

Judith W Hooyenga
Secretary

Dennis J Reese
Chief Financial Officer

Subscribed and sworn to before me this
22 day of July, 2004

- a. Is this an original filing? Yes [] No [X]
b. If no,
1. State the amendment number 1
2. Date filed 07/22/2004
3. Number of pages attached 3

Cheryl Britcher, Executive Administrative Assistant
12/30/2005

NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

No material changes from year end disclosures.

2. Accounting Changes and Correction of Errors

No material changes from year end disclosures.

3. Business Combinations and Goodwill

No material changes from year end disclosures.

4. Discontinued Operations

No material changes from year end disclosures.

5. Investments

No material changes from year end disclosures.

6. Joint Ventures, Partnerships and Limited Liability Companies

No material changes from year end disclosures.

7. Investment Income

No material changes from year end disclosures.

8. Derivative Instruments

No material changes from year end disclosures.

9. Income Taxes

The Plan has applied to the Internal Revenue Service for exemption from federal income taxes as an organization described under Internal Revenue Code Section 501(c)(3) and is awaiting that approval. Therefore, income tax expense has not been recorded.

10. Information Concerning Parent, Subsidiaries, and Affiliates

No material changes from year end disclosures.

11. Debt

No material changes from year end disclosures.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No material changes from year end disclosures.

13. Capital and Surplus, Shareholder's Dividend Restrictions, and Quasi-Reorganizations

No material changes from year end disclosures.

14. Contingencies

No material changes from year end disclosures.

15. Leases

No material changes from year end disclosures.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No material changes from year end disclosures.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

This note is Not Applicable to the Plan.

18. Gain of Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

NOTES TO FINANCIAL STATEMENTS

No material changes from year end disclosures.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No material changes from year end disclosures.

20. September 11 Events

No material changes from year end disclosures.

21. Other Items

No material changes from year end disclosures.

22. Events Subsequent

No material changes from year end disclosures.

23. Reinsurance

No material changes from year end disclosures.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No material changes from year end disclosures.

25. Change in Incurred Claims and Claim Adjustment Expenses

No material changes from year end disclosures.

26. Intercompany Pooling Arrangements

No material changes from year end disclosures.

27. Structured Settlements

No material changes from year end disclosures.

28. Health Care Receivables

No material changes from year end disclosures.

29. Participating Policies

No material changes from year end disclosures.

30. Premium Deficiency Reserves

No material changes from year end disclosures.

31. Anticipated Salvage and Subrogation

No material changes from year end disclosures.